

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6588

BILL NUMBER: HB 1128

DATE PREPARED: Dec 8, 1998

BILL AMENDED:

SUBJECT: Bureau of Motor Vehicles funding.

FISCAL ANALYST: James Sperlik

PHONE NUMBER: 232-9866

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

STATE IMPACT	FY 1999	FY 2000	FY 2001
State Revenues			
State Expenditures		22,198,332	22,198,333
Net Increase (Decrease)		(22,198,332)	(22,198,333)

Summary of Legislation: (1) This bill prohibits money collected for the Motor Vehicle Highway Account fund from being used to augment the budget of the Bureau of Motor Vehicles Commission. (2) This bill also provides that a commercial driving school approved by the Commission is a qualified person that may contract with the Commission to provide driving tests at a walk-up location. (3) The bill appropriates \$44,396,665 from the State General Fund to the Motor Vehicle Highway Account to repay the amounts used to augment the budget of the Bureau of Motor Vehicles Commission since 1988.

Effective Date: July 1, 1999.

Explanation of State Expenditures: (1) The Motor Vehicle Highway Account would no longer be used to augment the budget of the Bureau of Motor Vehicles Commission (BMVC) after June 30, 1999. The specific impact of this provision will depend upon how much money the BMVC would have needed, if any, for augmentation in future years that now will be available for distribution for other purposes within the Motor Vehicle Highway Account. Currently, the Motor Vehicle Highway Account is used to distribute funds to the Indiana Department of Transportation, cities, towns, and counties for road construction, maintenance, land acquisition. In addition, the Motor Vehicle Highway Account also supports the Bureau of Motor Vehicles, part of the State Police budget, part of the Department of Revenue budget, along with a variety of other expense areas, such as Covered Bridge Distributions and payment of County Engineers.

(2) The specific fiscal impact of this provision is indeterminable. The fund affected is the State License Branch Fund which supports the BMVC.

(3) The bill provides for an appropriation from the State General Fund to the Motor Vehicle Highway Account in the amount of \$44,396,665 for the period beginning July 1, 1999, and ending June 30, 2001.

In addition, the bill provides for an appropriation from the State General Fund to the Motor Vehicle Highway Account in an amount necessary to pay interest on the amount of Motor Vehicle Highway Account funds used to augment the budget of the Bureau of Motor Vehicles Commission since 1988. The appropriation is for the period beginning July 1, 1999, and ending June 30, 2001. The specific impact for the latter provision will depend upon what interest rate is used. The average interest earned by the Treasurer of State since 1989 has been 5.65%. The beginning balance of the augmentation amounted to \$6,913,461 in 1988. It has grown to almost \$45 million as of June 30, 1998. To pay off the principal and accrued interest at the end of fiscal year 2000, using the 5.65% rate would cost approximately \$16.3 million, while paying off the principal and accrued interest at the end of fiscal year 2001 would cost approximately \$20.1 million. Again, the specific impact will depend upon what interest rate is used. The funds affected are the State General Fund and the Motor Vehicle Highway Account.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Bureau of Motor Vehicles; Bureau of Motor Vehicles Commission.

Local Agencies Affected:

Information Sources: Mike Frick, Deputy State Treasurer, 232-6260